

WASHINGTON, D.C.—Today the House of Representatives passed the Helping Families Save Their Homes Act, a major component of President Obama’s comprehensive housing plan, by a vote of [234 to 191](#). Representative Xavier Becerra (CA-31), Vice Chair of the House Democratic Caucus and senior member of the Ways and Means Committee, voted for the legislation.

“The foreclosure crisis and steady erosion of home values across the country—and in Los Angeles especially—are major contributing factors to the economic crisis we now face,” Rep. Becerra said. “When a family down the street loses their home it affects everyone on the block, and when credit is frozen it prevents responsible home buyers from making a positive impact on prices by making a purchase. This legislation directly attacks these pressing problems by providing incentives to encourage lenders to negotiate affordable mortgages for those at risk of foreclosure, and making common sense allowances for bankruptcy judges to modify the terms of loan for existing mortgages. This is an important piece in the puzzle we must complete to stabilize the housing market and repair the economy.”

The legislation provides important incentives to negotiate more affordable home loans by making changes to the FHA’s Hope for Homeowners program. Specifically, it lowers the fees paid by borrowers and lenders, while providing a \$1,000 payment to loan servicers for each successful refinance of an existing loan. It provides mortgage servicers with clarity and certainty for their actions, and protection from lawsuits for specified loan modifications. The bill also helps veterans and other homeowners avoid foreclosure by allowing the Department of Veterans Affairs, the FHA, and the Department of Agriculture to guarantee, or insure mortgage loans modified either out of court or in a bankruptcy case.

The legislation contains several bankruptcy provisions to spur refinancing to more affordable home loans. It gives bankruptcy judges the ability to modify certain mortgage loans on a homeowner’s principal residence in order to establish an affordable mortgage plan for homeowners so they can continue making payments. It also permits reductions of principal and extensions of repayment periods. These provisions apply only to existing mortgages, and would not apply to future mortgages, so that bankruptcy judges can modify mortgages when families exhaust other options.

Additionally, the bill makes permanent an increase, from \$100,000 to \$250,000, in the amount of bank or credit union deposits insured by Federal banks and credit union regulators, and increases the these regulators’ authority to obtain additional liquidity from the US Treasury.

- [Click here to learn more about the Helping Families Save Their Homes Act.](#)